CANADEXPORT

www.canadexport.gc.ca

Volume 24 > Number 15

September 19, 2006

SUPPLY DISASTER RELIEF EFFORTS >

Sub-Saharan Africa merits second look

While social conflict and poverty are still pervasive, many African countries today have dynamic, thriving economies on par with the world's emerging nations. The countries of sub-Saharan Africa (those south of the Sahara Desert that are not part of North Africa) present major opportunities for entrepreneurs willing to do the homework.

AP Photo/George Osodi

Canada is not alone when it comes to investing in Africa. Above, two Chinese traders sit on fabric for sale at their shop in Lagos, Nigeria. China has invested heavily in Africa; bilateral trade between China and Africa has increased more than 300% since 2000 and now exceeds $47 billon a year.

Statistics Canada estimates that market opportunities for untied aid, for example, are valued at $25 billion and are expected to more than double by 2010. It's no surprise then that there are more than 670 Canadian companies already active there.

In large part, this is due to the area's rich resources. sub-Saharan Africa is estimated to possess about 30% of the planet's remaining mineral reserves, including 40% of the world's gold, 60% of its cobalt and 90% of its platinum. Nine of the world's top 50 oil producers are also located here, and Nigeria ranks 10th in the world in proven gas reserves.

"Growth in sub-Saharan Africa is under-recognized," says Ken Sunquist, an Assistant Deputy Minister responsible for world markets at Foreign Affairs and International Trade Canada.

Ron Davidson, a senior official responsible for commercial relations with Africa, explains why. "The political division of the subcontinent into 47 different countries masks its significance when compared to large countries. In addition, media reporting tends to focus on the region's challenges rather than the opportunities," he says.

Sunquist concurs. "Growth is spotty, but in the pockets where it is occurring—without political or environmental impediments—it is considerable. Sub-Saharan Africa is not an easy or predictable place to conduct business; the risks are high, but the rewards are equally so. Canada's best corporations, both small and large, are very creative. And you need to be creative in these kinds of markets."

Compelling statistics

In many ways, the opportunities in sub-Saharan Africa's developing countries are equivalent to those in emerging countries such as Brazil, Russia, India and China, the so-called BRIC countries, Davidson says.

see page 5 - Exports to Africa on the rise

2007-01847/

Venezuela hosts business forum with Canada

Margarita Island, October 16-18, 2006 > Attending **Macro-Rueda: A Venezuela-Canada Business Forum**, will allow Canadian firms to get a good picture of the country's business opportunities and meet potential buyers, suppliers and service providers.

Organized by the Government of Venezuela and Foreign Affairs and International Trade Canada, this business forum is Venezuela's leading multi-sectoral event devoted to enhancing commercial ties with foreign countries. Moreover, this initiative boasts a proven track record of success. In 2005, macro-ruedas held with Chile, the United States and Uruguay generated a reported $1 billion in sales and investment leads.

This year, Canada will be front and centre at the business forum. The program will allow companies to schedule one-on-one meetings, exchange export and import orders, network, exhibit their products and services, and explore joint-ventures, technology transfers and investment opportunities. It will also include an investment roundtable, as well as technical sessions where experts will help Canadian firms navigate regulations and gain insights on how to do business with Venezuela.

An emerging market

Venezuela is highly dependent on imports and is a key market for Canada: it ranks second among Central and South American countries as a destination for Canadian exports, and first in the area of agri-food.

Venezuela is also going through an exceptional period of growth. Last year, its economy rose by 9.3%, the second-fastest rate in the world after China. In 2006, this growth is expected to be higher than several large emerging markets such as Brazil, India, Mexico and Russia.

While the oil and gas industry figures prominently, Venezuela has taken steps to develop other sectors such as agriculture, mining, banking, electric power, infrastructure, telecommunications, health care, environmental services and consulting engineering. Canada has both the capacity and the expertise to meet Venezuela's needs in all of these sectors.

Canada's bilateral trade with Venezuela reached more than $2.5 billion in 2005, a 38% increase over 2004, and it shot up another 50% in the first quarter of 2006. Canadian exports have followed the trend, more than doubling over the past three years (see graph).

Canada's stock of direct investments in Venezuela, valued at more than $314 million in 2005, could also increase if Venezuela becomes a gateway to the Common Southern Market (Mercosur), formed by Argentina, Brazil, Paraguay and Uruguay, which it joined this year. While economic reforms aimed at addressing poverty and social inequities have had mixed impacts on Venezuela's business environment, Canada's Ambassador to Venezuela Renata Wielgosz says that Canadian firms will find a receptive market where the risks of doing business are often outweighed by the rewards.

For more information, go to www.bancoex.gov.ve/macroruedas, or contact the Canadian Embassy in Venezuela, tel.: (011-58-212) 600-3000, fax: (011-58-212) 600-3036, email: crcas-td@international.gc.ca, website: www.infoexport.gc.ca/ve.

Canadian exports to Venezuela ($CAN Millions)

Source: Statistics Canada

CanadExport is published twice a month by Foreign Affairs and International Trade Canada's Communications Services Division. Circulation: 52,000

CanadExport paraît aussi en français.

ISSN 0823-3330

Extracts from this publication may be reproduced for individual use without permission, provided the source is fully acknowledged. However, reproduction of this publication in whole or in part for purposes of resale or redistribution requires written permission from *CanadExport*.

EDITORIAL TEAM
Michael Mancini, Yen Le, Françoise Berghs

WEBSITE
www.canadexport.gc.ca

SUBSCRIPTIONS
Tel > (613) 992-7114
Fax > (613) 992-5791
canad.export@international.gc.ca

For address changes and cancellations, return your mailing label with changes. Allow four to six weeks.

Publication Mail Agreement Number: 40064047

Return undeliverable Canadian addresses to:
CanadExport (CMS)
125 Sussex Drive
Ottawa, ON K1A 0G2

Knock on doors early to supply disaster relief efforts

Last year's hurricane season in the United States revealed critical shortfalls in supplies, logistics and disaster-response planning. Canadian entrepreneurs willing to learn from the experiences of others and start building business relationships now could be well positioned to meet American needs when hurricane season rolls around.

As a result of previous shortcomings, the U.S. Department of Homeland Security (DHS) has set up dozens of agreements with other federal agencies, streamlining disaster coordinators' ability to quickly order and pay for essential supplies, services and equipment, and to make emergency resources available, including airlift, medical teams and operations bases.

For instance, the U.S. Federal Emergency Management Agency (FEMA) has stockpiled 770 truckloads of ready-to-eat meals, 1,540 trucks of water, and 2,030 truckloads of ice—easily triple what it had on hand before Hurricane Katrina struck.

D&B Specialty Foods of Toronto supplied thousands of those ready-to-eat meals. In 2005, D&B did over $6 million in business with disaster response partners including the U.S. Department of Defense, the American Red Cross and the Church of Christ. It now expects orders from the U.S. Department of Transportation, the Salvation Army and the United States Agency for International Development.

Tony Baker, CEO of Market Access Worldwide of Richmond Hill, Ontario, advised D&B Speciality Foods on their business development effort. In his view, constant contact is critical.

"Get the right person, someone who knows your industry and has strong contacts with the agencies you want to reach and who can represent your company in Washington D.C. on a day-to-day basis. You need someone that can facilitate the right kind of introductions. That's going to cost you, but the long-term returns can be very high."

C.S. Leung, former Marketing Director for Durakit Shelters of Bradford, Ontario, would agree. Durakit won a $16-million order from FEMA to provide 350 permanent housing units following Hurricanes Katrina and Rita. This was their first FEMA contract.

Leung attributes their success to establishing relationships. "We went to see FEMA in 2002 when we were developing our product, two to three years before Hurricane Katrina hit. We made a presentation to the desk officer responsible for carrying out procurement of emergency housing. We just found them in the FEMA directory, by making a cold call and coming to Washington."

"Durakit's CEO kept in touch with the people we met, four or five times a year, and that effort paid off. When we called back two days after the hurricane hit, we got referred quickly to the right people, who started making inquiries and got things moving."

Laura Aune, a Canadian trade commissioner in Dallas, observes that many Canadian exporters who sought disaster response contracts in the U.S. southeast last year didn't know that others besides FEMA were involved in the contracting. "Most companies need partnerships with prime contractors and relationships with buyers in many aid agencies at all levels. I can help, but the time to start is before disaster strikes," she says.

In the aftermath of Hurricane Katrina, an American Red Cross volunteer hands ready-to-eat meals to three sisters in Bayou La Batre, Alabama. U.S. officials are looking to improve their response to such disasters by increasing emergency supplies like meals, ice, water and blankets.

To help Canadian companies interested in this market, Canada's Trade Commissioner Service has produced a report called *Government Procurement Market Information; Following the Response to Hurricane Katrina*, which includes contacts for buyers and partners, and tells how

see page 7 - Supply disaster relief efforts

Virtual Trade Commissioner

Access a World of Trade Knowledge

The Virtual Trade Commissioner brings the world to you

International success for Canadian exporters is about knowing your markets and connecting with the right people. Timely market reports, in-depth country information, up-to-date sector-specific news, business leads, online access to professionals and networking opportunities, all relevant to your interests, give you the global advantage.

And we bring you to the world

Your personal Virtual Trade Commissioner provides direct access to over 1,000 of Canada's trade experts. To help you succeed, you can arrange to meet your trade commissioner in Canada or abroad, get export financing, manage your risk with tools like credit checks of potential buyers, and close the deal with the help of contracting specialists and the backing of the Canadian government.

At your service

Your personal Virtual Trade Commissioner allows you to directly access the services of Canada's trade experts, track the progress of your requests, and build a powerful portfolio of export contacts, links and documents. And with delivery of your corporate profile to trade commissioners in over 150 offices abroad and in Canada, we truly bring you to the world—and the world to you—every time you visit.

Register and empower your international business today at:

www.infoexport.gc.ca

Exports to Africa on the rise - continued from page 1

He points to a number of impressive statistics to prove his point. For example, according to Statistics Canada, sub-Saharan Africa imports approximately the same value of Canadian merchandise exports (more than $1 billion in 2005) as Brazil and India, and significantly more than Russia.

> "Critics laughed at us for focusing on Africa...but it was the right move," says a Tecsult executive.

In addition, the rate of growth in Canadian merchandise exports to sub-Saharan Africa between 2000 and 2005 (+13.6% annually) was about the same as the rate of growth in Canadian merchandise exports to China and India. Canadian services exports to sub-Saharan Africa (valued by Statistics Canada at $458 million in 2003) also exceed, by significant amounts, Canadian services exports to any of the BRIC countries.

Moreover, the rate of growth in these services exports exceeds significantly the rates of growth to any of the BRIC countries and consist of a comparatively high proportion of value-added items.

Sub-Saharan Africa is also a significantly larger destination for Canadian direct investment abroad ($2.4 billion at the end of 2004) than China, India or Russia, he says.

Canadian success story

Tecsult International is a case in point. One of Canada's leading engineering consulting firms, it has been active in Africa for more than 40 years. Before branching out, it was initially involved in large infrastructure projects in Gabon and Congo, in many cases joint ventures in support of United Nations and World Bank initiatives.

"Many of these were tough engineering projects. We worked in remote areas with rough terrain, conditions similar to North America. And yet the climate was much warmer and we faced unknown diseases," says Tecsult International President Marc Parent.

Tecsult branched out to Cameroon and Zaire working on forestry management projects, and continued to develop infrastructure along the Ivory Coast in support of projects initiated by the Canadian International Development Agency. In the early 1990s, the company became involved ...i a dam electrification project, working with the *Organisation pour la mise en valeur du fleuve Sénégal* to generate 225 megawatts of power from the Manantali Dam.

In 1995, Tecsult made Africa a priority for further business development—a strategic decision that has paid off tremendously, the company says.

"For companies like ours, it is a booming continent, and will become more so with all the infrastructure development that will need to be done. In 1995, critics laughed at us for focusing on Africa with the Asian and eastern European markets opening at the time," Parent says. "But the competition in eastern Europe from other European companies was strong and the resources required to pursue business in Asia, given its distance from Canada, was better spent in Africa.

"It was the right move," he continues. "Today, we know the market. We have built up a network over the years. Our work in Africa has been central to our ability to maintain our level of international business at $30 to $40 million per year over the past decade. We believe we will expand that by 18% or more in 2006."

Competitive advantages

Parent attributes Tecsult's success to several factors. These include the attraction of North American technology, a desire among African countries to diversify their supplier base and decrease reliance on European companies, as well as cultural sensitivity and a commitment to technology transfer.

"Canadians take the time to show Africans how to operate equipment, implement systems. There is a different tone in the relations th.n with suppliers from other countries," Parent says.

Some question whether the political instability that exists in parts of Africa, the lack of strong democratic roots, and the occurrence of human rights abuses stand in opposition to trade with countries on that continent. Ken Sunquist challenges that notion.

"The vast majority of Canadian companies export Canadian values and ideals along with their goods and services," he says. "Companies that can identify areas of opportunity and organize to meet the demands of African customers for Canadian goods and services stand to prosper."

Austria looks to renewables for energy

Business opportunities in Austria, especially in the environment and energy sectors, are heating up, says a Canadian trade commissioner in Vienna.

Pamela Hay says the environment and energy sectors show tremendous promise for Canadian entrepreneurs and those seeking partnerships with local Austrian companies. She says Austria's long-term policy in the field of energy supply has resulted in a well-balanced mix of energy sources that emphasise renewable energy sources.

Austria's proximity, and close historical and cultural ties to Central and Eastern Europe, gives it an edge when it comes to business.

"Renewables amounted to 23% of Austria's total energy supply in 2004. The most significant source of renewable energy was hydro power at 11.7%, and biogenic fuel (above all biomass) at 11%."

Relative to other European markets, the Austrian environment and energy industry is strong and technologically advanced, she says.

In addition, Austrian companies have many projects in neighbouring Central and Eastern European markets as new E.U. members look to reach specific environment standards. In fact, an estimated 120 billion Euros will be spent over the next 10 years in order to meet these standards. The best way for Canadian companies to get in this market is through technological niches, partnering with Austrian companies for projects in Central and Eastern Europe and with Austrian technology providers for projects worldwide.

Long considered the gateway to Central and Eastern Europe, Austria is also one of the largest foreign investors in the region, boasting some 12,000 subsidiaries. It is currently the biggest foreign investor in Bulgaria, Romania, Slovenia, Croatia, Bosnia-Herzegovina, and the former Serbia/Montenegro, and the third-largest in Slovakia, the Czech Republic and Hungary.

In 2004 and 2005, more than 50% of all Austrian foreign direct investment outflows went to Central and Eastern Europe.

"Even before E.U. accession, Central and Eastern European countries were primary markets for the Austrian export industry, but full E.U. integration, with the abolition of tariff and non-tariff trade barriers, brought bilateral trade figures to new record levels in 2004 and 2005," adds Hay. In 2005, 12.5% of all Austrian exports went to the 10 new E.U. members, and Austria had a positive trade balance with all Central and Eastern European countries.

Some 300 international companies have set up regional Central and Eastern Europe headquarters in the Vienna region. For Canadian companies willing to get involved in these markets, there is an extensive network of experienced Austrian service providers such as banks, transport firms, lawyers, tax advisors and advertising agencies.

Jean Charest would seem to agree. After a recent meeting with Austrian Chancellor Wolfgang Schuessel, the Quebec premier said he wants "to take advantage of the new economic context that makes Austria a hub for Central and Eastern Europe."

For more information, contact the Canadian Embassy in Austria, email: vienn-td@international.gc.ca, website: www.infoexport.gc.ca/at.

Austria quick facts

- Ninth-largest economy in E.U.
- Fourth-highest per capita income in the E.U.
- Second-lowest effective tax burden within E.U.-15, behind Ireland
- Vienna serves 41 flight destinations in Central and Eastern Europe

Canadian Turkish Business Council plans trade mission

November 2006 > Since its inception in 2002, the Canadian Turkish Business Council (CTBC) has launched two business missions to Turkey and is planning a third this fall.

These missions provide member companies with access to senior political and business leaders in Turkey as well as opportunities to share experiences and strategies for success with other member companies. The CTBC also organizes an annual conference which, this year, was organized in partnership with the Munk Centre for Eastern European Studies at the University of Toronto.

The mission of the CTBC is to promote bilateral trade and investment between Turkey and Canada and to provide its members with critical information on strategies for success in Turkey. Some of Canada's largest companies are amongst its members. The CTBC's Turkish partner is the Turkish Foreign Economic Relations Board (DEIK) and the secretariat of the CTBC is the Canadian Manufacturers & Exporters.

For more information, contact the CTBC, email: info@ctbc.ca, website: www.ctbc.ca.

Supply disaster relief efforts - continued from page 3

Canadian companies can position themselves for success to meet federal, state and local agency needs. "The Canadian companies who will win the business next time are already building key relationships and documenting their track records as reliable emergency suppliers. In times of crisis, buyers first turn to their trusted vendors and that means companies that already have contract vehicles in place. That's where the first, and second, waves of business went in the 2005 hurricane response," notes Judy Bradt of trade consultancy Summit Insight and author of the report.

Helpful tips

Bradt offers this advice for exporters positioning themselves to win U.S. disaster response business: "I agree that contacts are key. But remember that the buying process also may have changed since last time, so review the newest disaster response plans DHS has published too," she says. "Successful suppliers have figured out how their supply chain will be managed next time, who will be making the decisions about buying the products or services that they can offer and how to get to know those people now."

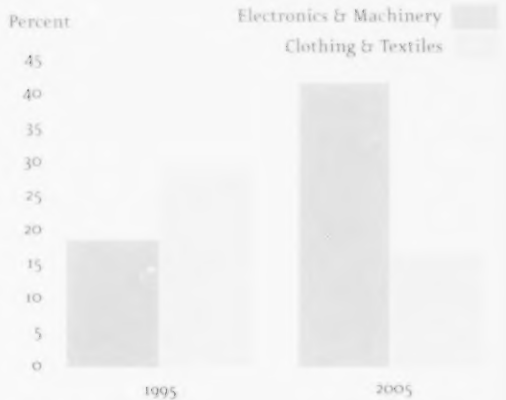
For more information, download the Hurricane Katrina report at www.international.gc.ca/sell2usgov and get the latest DHS National Response Plan from www.dhs.gov.

China moving up the value chain

Complex manufactured goods account for a growing share of China's merchandise exports. For example, in 1995 clothing and textiles made up 29.6% of exports, but by 2005 this proportion had dropped to 17.1%. At the same time, the share of exports made up of electronics and machinery increased from 18.6% to 42.2%. Six of China's top 10 exports were textile-related in 1995, but by 2005 seven of the top 10 exports were related to machinery and electrical machinery. This change in export composition suggests that China is moving up the value chain as it develops, producing—and exporting—higher value items.

Provided by the Current and Structural Analysis Division, Office of the Chief Economist, www.international.gc.ca/eet.

Share of China's merchandise exports



Data: World Trade Atlas.

TRADE EVENTS

Valparaiso, November 28-December 1, 2006 > Exponaval is Chile's biennial international exhibition and conference of technology, equipment and services for Latin America's maritime defence industry.
Contact: Canadian Embassy in Chile,
tel.: (011-56-2) 652-9800,
fax: (011-56-2) 652-9915, email: santiago.commerce@international.gc.ca,
website: www.exponaval.cl.

Santiago, November 2-5, 2006 > Expo Alimenta is an international trade fair that features processed food, food processing and packaging machinery and equipment. Conferences and seminars related to the industry are held simultaneously with the trade show.
Contact: Renee Plouffe, Canadian Embassy in Chile,
tel.: (011-56-2) 378-5999,
fax: (011-56-2) 426-4071, email: santiago.commerce@international.gc.ca,
website: www.expotrade.cl.

Copenhagen, February 25-28, 2007 > TEMA is the international food fair of Scandinavia and highlights the region's food, hotel, restaurant and catering sectors. The fair will also feature a wine and spirits showcase.
Contact: Canadian Embassy in Denmark,
tel: (011-45) 33-48-32-00,
fax: (011-45) 33-48-32-21,
email: copen-td@international.gc.ca,
websites: www.canada.dk or www.tema07.dk.

Denver, November 15-17, 2006 > The Greenbuild International Expo is a conference that serves as a showcase for smart construction practices and leading green technologies worldwide. More than 15,000 professionals from the green building industry are expected to attend.
Contact: David Smith, Canadian Consulate General in Denver,
email: denvr-td@international.gc.ca,
website: www.greenbuildexpo.org.

Tokyo, November 15-17, 2006 > Japan is Canada's largest overseas export market for forest and building products, and the Japan Home and Building Show is an ideal venue for Canadian companies to demonstrate their capabilities and make contact with key decision makers in Japanese housing industry, as well as qualified buyers from other Asian markets.
Contact: Canadian Embassy in Japan,
email: jpn.commerce@international.gc.ca,
website: www.jma.or.jp/jhbs.

Tripoli, December 4-6, 2006 > The Arab-African Aviation Conference, Exhibition and Air Show is a great place to land contracts in the region's airport infrastructure market.
Contact: Hesham Ganem, Canadian Embassy in Libya,
tel.: (011-218-21) 335-1633,
fax: (011-218-21) 335-1630,
email: hesham.ganem@international.gc.ca,
website: www.lavex2006.com.

New Orleans, February 25-March 1, 2007 > The Health Information Management Systems Society Annual Conference and Exhibition is a must for IT health care companies interested in marketing their products and services in the U.S.
Contact: Patricia Cosgrove, Ontario Ministry of Economic Development and Trade,
tel.: (416) 212-1030,
email: patricia.cosgrove@edt.gov.on.ca,
website at: www.himss.org.

Ho Chi Minh City, March 22-24, 2007 > Hospitapharma Vietnam is the country's international healthcare exhibition and may present many opportunities for Canadian businesses looking to expand into Vietnam's growing health market.
Contact: Canadian Consulate General in Ho Chi Minh City,
tel.: (011-84-8) 827-9899,
fax: (011-84-8) 827-9935,
email: hochi-td@international.gc.ca.

Tripoli, December 4-7, 2006 > Project Libya is a multi-sector exhibition that seeks to address the country's technological needs related to products and services in the telecommunication, building and construction, oil and gas, education, healthcare, tourism and refining and petrochemicals sectors.
Contact: Hesham Ganem, Canadian Embassy in Libya,
tel.: (011-218-21) 335-1633,
fax: (011-218-21) 335-1630,
email: hesham.ganem@international.gc.ca,
website: www.projectlibya.com.

Foreign Affairs and International Trade Canada's Enquiries Service provides departmental information, publications and referral services to Canadian exporters. Contact us at: **1 800 267-8376** (National Capital Region: (613) 944-4000). TTY: (613) 944-9136, email: **enqserv@international.gc.ca**, website: **www.international.gc.ca**.

ID#:MICROME00001 8 (Q)
IHS/MICROMEDIA LIMITED
GOVERNMENT PUBLICATIONS/CRI
20 VICTORIA STREET
TORONTO ON M5C 2N6

Return requested if undeliverable:
CanadExport (CMS)
125 Sussex Drive
Ottawa, ON K1A 0G2
Canada Post Agreement Number 40064047